Factors Affecting Consumer Patronage in Second-Order Retail Markets

A Senior Thesis

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by

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Introduction

Millions of dollars of newly produced goods change hands everyday. Many of these goods are non-durable and are consumed almost immediately by the new owner. Others, however, last for many years. In many of these occasions, the products lose utility for the purchasers long before the total value of the product has been consumed. Consumers may dispose of still-useful used goods, may store them, give them away, or sell them. When consumers opt to resell them, a supply of used goods for the market is created.

For many decades this pre-owned merchandise has been bought and sold through flea markets, thrift shops or at individual garage and yard sales. Now, however, a new retail distribution network has begun to emerge as an important market for the purchase and sale of pre-owned merchandise. These retailers have attempted to create a store image which is different from the stereotypes associated with thrift stores and other traditional secondhand stores. These stores are differentiated by higher quality merchandise, better store locations and a more comfortable store atmosphere. These second-order retail markets are emerging in a variety of markets including computer equipment, sports equipment and children's clothing.

This thesis has the goal of exploring the consumer's motivations and situations that may result in the patronage of these second-order retail outlets. For this paper, a theoretical model has been created showing the possible links from a consumer's risk aversion, level of innovativeness, image of the retail outlet and socio-economic situation to the patronage of the store with the purpose of either purchasing or selling used goods. This model will be tested through regression analysis of data collected from shoppers at two area second-order retail outlets.

While the original model could not be tested due to a lack of a suitable sample size of the sale of used goods for regression analysis, much important information was gathered in this exploratory research. Regression analysis showed a significant relationship between a customer's risk aversion and innovativeness and the frequency of visits to the second-order retail store. Socio-economic variables, however, did not seem to have an important relationship with store patronage. This may demonstrate one of a potential many differences between conventional thrift stores and other used goods outlets and the new higher class second-order retail shops.

Other regressions were conducted with the dependent variables of whom the customer was shopping for, what the goal of the shopper's visit was and how frequent the customer purchased used goods of any type. These analysis also yielded some interesting and informative results which are explained in the following sections.

This research is very useful in laying a foundation for future explorations into this subject. Significant differences between these second-order retail outlets and traditional used goods markets and the new product markets definitely seem to exist. This paper may aid in further exploration of these differences and the different ways in which consumers perceive these different markets.

Literature Review

Some research has been done on the traditional pre-owned goods markets. From these studies, three important variables have been isolated that influence a consumer's patronage of a second-order retail outlet, and the purchase of used merchandise. These three variables are store image, socio-economic situation, and risk aversion. By measuring these three variables in different consumers, it is hoped that a motivation for the purchase of pre-owned merchandise can be found.

While the purchase of used goods has been explored by a few researchers in the past, previous research in the sale of used consumer goods is even more scarce. This leaves one with very little foundation on which to build, but also an exciting and wide open field to study. Through research in various consumer motivation and attitude models, three variables were selected for this research on the sale of used goods by the initial owner. Two of these three variables are common to the purchase model--store image and socio economic situation. But, while risk aversion is under study in the purchase model, innovativeness is the third variable being considered in the sale model.

Store Image

The image that customers have of a particular store or a general type of store is certainly important to their buying decisions. Knowing intuitively that this relationship exists is certainly not enough, however, and empirically measuring this relationship is necessary. William K. Darley and Jeen-Su Lim (1993), both of the University of Toledo, attempted to explore how customers' perception of the store's image affects the patronage

of thrift stores selling secondhand goods. Their primary objective was to determine how three variables, general attitude toward store type, the individual store image and the consumers' perception of product quality were interrelated and how they affected store patronage. The results obtained from this research showed a strong correlation between and among all the different combinations of variables except the store image to store patronage linkage.

These results present two interesting dilemmas. The first is whether the lack of significant correlation between store image and store patronage is second-order store-specific, or if some other reliability issue is to blame. Other research has shown a strong positive correlation and even a causal effect between store image and store loyalty (Sirgy and Samli, 1985), however, these studies did not involve the used product market.

The second major implication of these past results on this research stem from the correlations involving the general attitude toward store type variable. As mentioned earlier, the new retail outlets involved in this research have tried to separate themselves from the thrift stores and other traditional used goods markets. If these stores have been unsuccessful, then according to the Darley and Lim (1993) study, the consumer's general attitudes towards these traditional pre-owned merchandise outlets will affect their perception and patronage of the new second-order retail stores. An important footnote to this phenomenon comes from another study done with Goodwill Industries which found that 80% of non-shoppers, 93% of light shoppers and all medium and heavy shoppers had "favorable dispositions toward used merchandise," and "both non-shoppers and shoppers alike agreed that used merchandise represents a good value" (Yavas and Riecken, 1981).

H1: There will be a positive relationship between store image and the patronage of the store.

Socio-Economic Status

The consumer's socio-economic status may also prove to be an important determinant of product choice and store patronage. Previous research has shown that lower income consumers tend to be heavier shoppers at thrift stores, a traditional used goods outlet (Yavas and Riecken, 1981). The same study also showed that married persons were more apt to purchase used products. This may be related to family size (although this was not discussed) as larger households must spread the family income over more people. The study also revealed that price was the most important consideration in the decision to shop the thrift store. This relates back to income and wealth, as those persons with less to spend will look to buy lower priced used items over higher priced new products.

Socio-economic factors may also influence the decision to sell goods that have lost their utility to the current owner, but are not completely consumed. The income from the sale of the good may be important to a large, low income family.

H2: Socio-economic factors will affect the sale of used goods in the following manner:

a. family size is positively related to store patronage

b. family income is negatively related to store patronage

c. level of education is negatively related to store patronage

d. number of children is positively related to store patronage.

Risk

A consumer's risk aversion is a measure of how willing she or he is to accept the risk involved in any given purchase. Perceived risk has been described as "the risk believed by the consumer to exist in the purchase situation due to uncertain negative consequences arising as a result of a buying decision" (Lantos, 1983). Some of the determinants of this perceived risk include intended usage, purchase goals, prior knowledge, and the level of involvement (Dowling and Staelin, 1994) The higher one's assessment of the risk involved in a purchase, the more likely one is to practice some form of risk avoidance. Examples of previously documented avoidance strategies include: 1) conducting an extensive information search, both internal and external, to gain more information about the product under consideration for purchase, 2) purchasing small quantities of products (often characterized as "trial" or "travel" sizes) to reduce the financial risk associated with the product's purchase, 3) only buying nationally known brands as they are often perceived as being higher quality due to their success in the market (Lantos, 1983).

Another such risk avoidance strategy may be to purchase used goods instead of new. The price of a product is a very important variable in assessing the risk involved in that purchase (Bettman, 1973). If the general purchase is perceived as risky by the consumer, then he or she may attempt to lower that risk by purchasing a less expensive pre-owned good in place of the higher priced new merchandise.

Many of the product classes currently dominating the product market can be perceived as high risk, not so much from a quality view point, but more from a utility view. For instance, children's clothing is an important segment in the pre-owned market. Children of course are constantly growing, and may outgrow clothing and toys long before

they are worn out. As discussed earlier, this leads to the supply of pre-owned children's items in the market, but this same occurrence may lead to demand for used merchandise in the same market. Because children grow, there is a higher risk that full utility of the clothing may not be obtained. In other words, the child may grow out of the clothes before the clothes have been worn out. Consumers may attempt to lower this risk by lowering the price that they pay for the clothing by buying it used rather than new.

Another important segment in the pre-owned goods market is sporting equipment. Here too, perceived risk may run very high. Many sports such as golf or skiing are very expensive to begin due to the high costs of the equipment involved. In the same way, much of the exercise equipment used in various home fitness programs is also expensive. Additionally, many of these sporting products are also very durable, which often results in them not being fully consumed. For many consumers considering taking up a new sport or exercise program, these risks are compounded by their lack of a reliable measure of the enjoyment obtained from playing the sport or continuing the exercise program. It is highly possible that a consumer may purchase all the equipment for a new sport and then decide that he or she does not enjoy playing it. In the case of sporting goods, trial size units of the products are rarely available, but the consumer may achieve the same risk reduction by purchasing lower priced used goods when they are beginning a new sport.

H3: There will be a positive relationship between risk aversion and store patronage with the intent to purchase used goods.

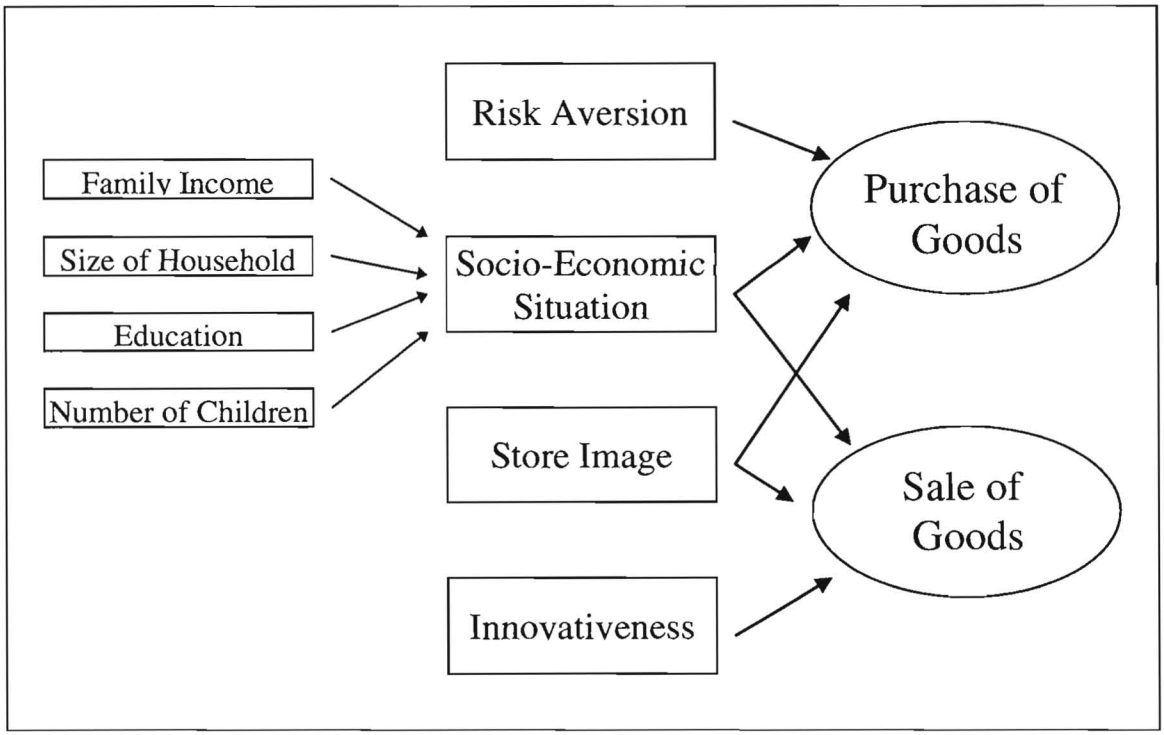
Innovativeness

The operational definition of innovativeness for this study has been supplied by Rogers and Shoemaker (1971) as "the degree to which an individual is relatively earlier in adopting an innovation than other members of his social system." When a consumer is innovative in his/her purchases, he or she has less or no experience with the product since it is new to his/her social system. This severely limits the amount of information that a consumer can obtain about the product prior to adopting it. From this one can infer that the benefits derived from the purchase may not be what was expected by the consumer, and thus the product loses utility for initial owner before the product is used up. This is the foundation for the hypothesis that innovativeness plays an important role in the sale of a used good by a previous consumer.

H4: There will be a positive relationship between innovativeness and store patronage with an intent to sell.

Model

By combining these four hypotheses the following model was constructed.



There are four components to socio-economic situation being tested: family income, size of household, education, and number of children. Risk aversion, socio-economic status and store image are the three independent variables affecting the purchase of pre-owned merchandise. Innovativeness, socio-economic status and store image are the three variables affecting the sale of used goods.

Methodology

Five variables were measured in this study. The four independent variables were risk aversion, socio-economic indicators, store image, and innovativeness. The dependent variable in the study was store patronage. This dependent variable can be broken down into two categories, purchasing used products and selling used product. Of the four independent variables, it was theorized that two, socio-economic situation and store image would influence the patronage of both buyers and sells. It was further thought that risk aversion should influence the purchase of pre-owned goods, while innovativeness influenced the sale of used goods.

Scales and Measures

For a hypothesis to be tested and a reliable conclusion to be drawn, the variables included in the hypothesis must be measured reliably. The variables being measured in this research are well established in the field of consumer behavior. Because of this, scales already exist to measure many of these variables. The resource used to obtain many of these scales was Bruner and Hensel's *Marketing Scales Handbook* (1992).

The consumers' risk aversion was measured in this study using a seven-point Likert-type summated ratings scale *(See questionnaire exhibit, question 9.a. - i.)* developed by P. S. Raju (1980) which he referred to as a measure of Risk Taking. The scale is comprised of nine statements, some of which were apparently derived from previous studies measuring risk propensity. The scale was originally used to collect data

on 336 homemakers and 105 college students and Raju reported the scale to have of reliability of .808 and .831 for the two samples, respectively.

A second, separate scale was used to measure the perceived level of financial risk associated with the purchases *(See questionnaire exhibit, question 11.a. - c.).* The scale used for this was a seven point, bipolar-response summated rated scale developed by Terence A. Shimp and William O. Bearden (1982). This scale was originally used to collect data from three student samples and two non-student samples. The scale was calculated to have an average alpha value of .79 across the five original samples, and no specific validity measure was presented.

Store Image was tested using a thirteen-item, seven-point Likert-type scale *(See questionnaire exhibit, question 10.a. - m.)* "measuring a consumer's attitude about a store" (Bruner and Hensel, 1992). The scale was compiled by Bob Wu and Susan Petroshius (1987), who based the scale items on several previous studies of store image. A sample of 86 college students, ranking ten different retailers, was used in the study. The reliability of the scale was reported as a range of alpha values from .77 to .91, depending on the retailer. A definite measure of validity was not offered by Wu and Petroshius, however, a pretest was conducted and the scale was reduced from twenty items to the current thirteen, increasing the alpha coefficient.

A five-item, seven point, Likert-type summated ratings scale was created to measure a consumer's innovativeness with respect to the trial of new products and brands *(See questionnaire exhibit, question 9.j. - n.).* This scale was created by combining two different scales measuring innovativeness--one was borrowed from a study conducted by Richard Oliver and William Bearden (1985), and the other was created by William Wells

and Douglas Tigert (1971) and used in a number of subsequent studies. Both of these scales were found in the *Marketing Scales Handbook* (Bruner and Hensel, 1992).

The socio-economic situation of each of the consumers was measured using six demographics questions *(See questionnaire exhibit, questions 12 to 17).* These questions were intended to gather information on the respondent's age, income, education and family size.

Finally, the dependent variable, store patronage, was measured using four questions *(see questionnaire exhibit, question 4 to 8).* These questions included measures of the frequency of visits and size of purchases/sales measured by dollar amount. The important variable of transaction type (purchasing, selling or just looking) was also asked in the questionnaire *(See question 1).*

A questionnaire was created from these various scales and questions and was pre-tested on a sample of college students familiar with the Play It Again Sports franchise. Members of this pretest sample were interviewed about their understanding of the questions and the ease of filling out the questionnaire. Some small modifications were made to the wording and the order of the questionnaire as a result of ambiguity and other problems reported in the pretest.

Data Collection

A questionnaire was compiled from the scales and measures described above (*see questionnaire* exhibit). This questionnaire took about 5 minutes to complete and seemed very self explanatory for the majority of the consumers sampled.

The questionnaire was distributed to patrons of Play It Again Sports Stores in Columbus, Ohio by the researcher and in Mansfield, Ohio by two assistants. The survey was conducted on site at the store over two Saturdays, one in Columbus and one in Mansfield. The questionnaire was offered to each potential customer entering the store.

One hundred completed surveys were collected for analysis (approximately 70 from Columbus and 30 from Mansfield). Of these, 40 respondents were male and 59 were female (one respondent did not provide this information). Age of the respondents was approximately normally distributed with about half under 35 years old and half 35 or older. Approximately 60% of the respondents intended to buy during this visit while the rest were either just looking or intended a selling transaction. Just over half of the respondents were shopping for themselves while the rest were looking for someone else, most commonly children. The mean household size for the respondents was 3.27 people, with 4 people being the median. Fifty-four percent of the respondents intended to make a purchase of $26 or more in a wide variety of sports, the most popular being baseball/softball and in-line skates. (*These and other statistical profiles of the respondents are summarized in table 1*).

Data Analysis

Regression analysis was run on the data using a popular Macintosh packaged statistics software. The independent variables for this analysis were risk aversion, store image and socio-economic status (education, income, number of children and size of household). These variables were run against the dependent variable of the frequency of patronage at Play It Again Sports by people purchasing used equipment.

$$\beta \text{ risk aversion} + \beta \text{ store image} + \beta \text{ education} + \beta \text{ income} + \beta \text{ number of children} + \beta \text{ size of household} + e = \beta \text{ frequency of patronage to purchase}$$

To test the model for patronage of people selling equipment, a regression model was designed substituting innovativeness for risk aversion.

$$\beta \text{ Innovativeness} + \beta \text{ store image} + \beta \text{ education} + \beta \text{ income} + \beta \text{ number of children} + \beta \text{ size of household} + e = \beta \text{ frequency of patronage to sell}$$

Results

The original hypotheses were intended to test the effects of the independent variables of risk aversion, innovativeness, store image and socio-economic indicators on store patronage with respect to the purchase or the sale of goods. Unfortunately, the number of people intending to make a sale of used goods was too small to analyze effectively. This precludes the possibility of testing this original hypothesis. However, despite not being able to test this hypotheses, there are still some interesting findings worth reporting.

Frequency of Shopping

Although the full hypothesis could not be tested, this model attempts to test the customer's overall store patronage without regard to the transaction being made. In essence, this model compresses the two dependent variables into one. This does not separate buying from selling, but it still provides important information about the types of people who shop at Play It Again Sports often and some of their motivations for shopping there. Later, the goal of the customer will also be tested, which separates customers intending to make a purchase from those seeking some other transaction.

In the frequency regression, shoppers were placed into three categories based on their responses to the question of how often they visited any Play It Again Sports store. These three categories were first visit, infrequent (one or two times a year) and frequent (more than once a year). Thirty-two percent of shoppers reported that they had never before visited a Play It Again Sports store, 27% of shoppers reported that they visit the

franchise once or twice a year and 41% reported that they shopped at Play It Again Sports more than twice a year.

The averages of different characteristic variables were analyzed for the three different categories of shoppers. It was found that the average amount of money customers expected to spend was higher when they were frequent shoppers (2.87) than the average for those who were infrequent shoppers (2.67) or first time shoppers (2.50). Similarly, the average size of the frequent shopper's household (3.65) was higher than either the infrequent shopper (3.07) or the first time shopper (2.97). These and other results are displayed in *Table 2.*

Next, a regression was run using risk aversion, innovativeness, store image, education, income, number of children and household side to see if there was a relationship between these variables and the dependent variable, frequency of shopping at Play It Again Sports stores.

$$\beta \text{ risk aversion} + \beta \text{ innovativeness} + \beta \text{ store image} + \beta \text{ education} + \beta \text{ income} + \beta \text{ number of children} + \beta \text{ size of household} + e = \beta \text{ frequency of visit}$$

While neither store image nor the socio-economic indicators had any significant effect on the frequency of visiting the store, both risk aversion and innovativeness proved important variables (*See Table 2 for results*). As the frequency of visiting the store went up so to did the average consumer's risk aversion (their desire to avoid risk). With a possible maximum score of 63, the average score of those reporting they had never before shopped at Play It Again Sports was 36.5 compared to the average score of those who shop frequently of 34.8 (the lower the score, the higher the level of risk aversion). The

regression further showed an F Ratio of 3.80 with a p-value of 0.056. The regression shows that risk aversion is related to the frequency of shopping at Play It Again Sports in this sample.

Innovativeness also showed a significant effect on the frequency of shopping at Play It Again Sports stores. As the frequency of shopping increased so did the level of innovativeness reported by the subjects. With a maximum potential rating of 35, the average score of those who shop Play It Again Sports infrequently was 20.2 compared with those who shop frequently measuring at 22.0. The regression model further calculated an F Ratio of 3.47 and a p-value of 0.021 for this relationship.

Goal of Visit

Another model tested related to the goal of the customer's visit. Customers indicated their expected transactions from the four categories supplied--purchase used equipment, purchase new equipment, sell used equipment, and just looking. These four transactions were later grouped into two categories--purchasing and other. These two categories are now being referred to as the goal of the customer with respect to their current visit to Play It Again sports. Fifty-eight percent of the shoppers surveyed intended to make a purchase on this visit, while 42% intended some other transaction.

The averages of different customer variables were calculated for the goal of the visit. These averages showed that the mean income for shoppers intending to make a purchase (4.03) was lower than the mean income of shoppers with some other goal (4.36). Those intending to make a purchase on average also scored 21.64 on the innovativeness

scale--slightly higher than the average score of 20.44 for other shoppers. (*See Table 3 for a more complete list of averages*).

After viewing the averages, a regression model was run to explore any possible relationship between the goal of the shopper and a variety of independent variables.

$$\beta \text{ risk aversion} + \beta \text{ innovativeness} + \beta \text{ store image} + \beta \text{ education} + \beta \text{ income} + \beta \text{ number of children} + \beta \text{ size of household} + e = \beta \text{ goal of visit}$$

The regression calculation showed no significant relationship between a customer's goal and his or her risk aversion, level of innovativeness, or socio-economic situation. There was, however, a relationship with the customer's image of the store (*See table 3*). Customers intending to make a purchase gave an average rating of 65.51 for their image of the Play It Again Sports store. Shoppers intending some other transaction, however, gave the average rank of 68.00, two and a half points higher. A regression analysis further revealed that there was a marginally significant relationship between the goal of the shopper and his or her image of the store, with an F Ratio of 2.80 and a p-value of 0.099.

Who Is Being Shopped For

Here differences in customers are examined with respect to who they are shopping for. The customers sampled were split into two groups--those shopping for themselves made up 52% of the sample and customers shopping for someone else (primarily children or spouse) totaled 48% of the sample. The average amount customers shopping for themselves expected to spend (3.06) was higher than the average amount reported by customers shopping for someone else (2.30). Additionally, the average household of

those shopping for themselves (2.87) was nearly one person smaller than the average household of customers shopping for others (3.72). (*See Table 4 for a condensed display of the averages of these and other variables*).

A regression model was then created to test the relationship between a customer's characteristics and attitudes and for whom he or she is shopping.

> β risk aversion + β innovativeness + β store image + β education + β income + β number of children + β size of household + e = β who is being shopped for

This regression analysis showed no significant relationship between who the customer was shopping for and risk aversion, innovativeness or store image. There was also no relationship with respect to household size or income. There was, however, a significant relationship between two independent variables--education and number of children--and for whom the customer is shopping (*See Table 4*).

A consumer making a purchase for someone other than himself or herself is more likely to have a higher level of education. The regression analysis showed an F Ratio of 2.29 and a p-value of 0.070 for this correlation. Similarly, a customer making a purchase for someone else is more likely to have more children than someone making a purchase for himself or herself. In this case, the regression analysis showed an F Ratio of 3.22 and a p-value of 0.078.

Frequency of Buying Used Goods

The final dependent variable tested in this study was the frequency with which customers purchased any type of used goods. The sample was broken into three categories,

the first were those customers who reported they never purchased pre-owned merchandise. Eighteen percent of the respondents responded this way. The seconded category contained 50% of the respondents and consisted of the people who purchased used merchandise infrequently (once or twice a year). The final category contained the frequent purchasers, or those who reported that they bought pre-owned goods more than twice a year. This category constituted the remaining 32% of the sample.

Averages for different consumer variables and in these three categories are reported in *Table 5*. Some of the more interesting results include income, which averages lowest among those persons reporting that they never buy used merchandise. Also, the average amount that customers expect to spend on their purchases today is lowest (2.39) among those who frequently purchase used goods and highest (3.00) among those who never purchase pre-owned merchandise.

Again, a regression model was created using the same dependent variables as before.

$$\beta \text{ risk aversion} + \beta \text{ innovativeness} + \beta \text{ store image} + \beta \text{ education} + \beta \text{ income} + \beta \text{ number of children} + \beta \text{ size of household} + e = \beta \text{ frequency of purchasing used goods}$$

The regression analysis of this equation shows one significant relationship with the size of the consumer's household (*See Table 5*). A consumer with a larger number of people in his or her household is likely to purchase used goods more frequently than a consumer with a smaller household. Comparing the average household size reported, consumers who never purchase used goods averaged 2.56 members while shoppers who purchased pre-owned goods frequently had average households of 3.50 members. Furthermore, regression

analysis shows a significant relationship between these two variables with an F Ratio of 4.15 and a p-value of 0.046. This demonstrates a strong relationship between the purchase of used goods and the size of a consumer's household.

Discussion

The finding presented above raise a number of questions. This section will attempt to explore these questions and help explain why the customers of second-order retail stores behave as they do. This exploration should help guide future research and help lead to the development of theories associated with a consumer's behavior in the second-order retail market. It should also hopefully help provide some implications for practitioners dealing in the used goods market.

Conclusions

In analyzing the relationship of different variables to the frequency of shopping Play It Again Sports, two significant effects were found. The first was the relationship between a consumer's risk aversion and the frequency of visits. It was found that the more risk a customer perceived, the more often they tended to shop at Play It Again Sports. This supports the discussion of prior research in similar fields. It seems reasonable that consumers see the lower cost of the used merchandise and the lower commitment, knowing that it is possible to sell the products back in the future, as a way for the customer to avoid the perceived risk. Purchasing used goods allows for a lower commitment to the purchase and thus lowers the perceived risk.

The second significant relationship found in the regression analysis of the frequency of shopping at Play It Again Sports was with innovativeness. This variable was originally conceived as a factor involved only in the sale of used goods, however, it proved significant in the analysis of the overall frequency of visits. A consumer with a higher level of

innovativeness is more likely to shop at Play It Again Sports more often. This seems difficult to explain on its own, but when combined with the results of the risk aversion correlation, a feasible explanation begins to emerge.

It seems that the most frequent shoppers of Play It Again Sports prefer to be innovative in their purchases, but they also consider these purchases as risky. Thus they see the purchase of used goods as a way to be innovative and explore new products without the commitment and risk associated with the purchase of higher price new merchandise. For example, a consumer may be innovative in wanting to try a new sport, but he or she is still leery of the risk involved in pursuing this innovative purchase. Without a clear understanding of how much he or she will enjoy the new sport, the perceived risk by the consumer is high. The purchase of used merchandise allows the consumer to try the new sport and determine the benefits of it while still avoiding much of the risk associated with trying something unfamiliar. In this way, risk aversion and innovativeness work together in prompting the consumer to explore the used goods market.

Although store image did not prove to have a significant relationship with the frequency of visiting Play It Again Sports, it should not be completely discarded as an unimportant component of why consumers shop second-order retail outlets. Shoppers across all three of the frequency categories seemed to give high marks on store image. This could show that a good store image is important not only for keeping frequent patrons, but also for getting customers through the door for the first time. This may be especially important in the second-order retail market as the industry tries to separate itself from traditional thrift stores.

Store image did emerge in a significant relationship with the consumers' goal of their visit. Those intending to make some transaction other than a purchase tended to have a higher opinion of the store's image than their counterparts who intended to make a purchase. This relationship begins to make sense when one remembers that 88% of the people falling into the non-purchase category indicated that they were at the store just to look. The combination of these two results may lead to the explanation that those people who were just looking enjoy the store and its atmosphere so much that they visit it even when they do not need to make a purchase. These non-purchasers simply enjoy shopping at Play It Again Sports as a form of recreation.

The demographic variables also did not relate to shopping frequency as the theory predicted. Much of this theory was derived from previous work done in traditional used goods markets. In these markets socio-economic situation was important in the purchase of used goods. The lack of a significant relationship between socio-economic indicators and the frequency of visiting Play It Again Sports may demonstrate a significant difference between this new second-order retail outlet and traditional used goods outlets. It may be true that by successfully portraying an improved store image, Play It Again Sports has been successful in attracting many non-traditional used goods customers. They attract customers who desire used goods because of personality variables like risk aversion and innovativeness rather than customers that are forced into the used goods market by an inability to afford new merchandise.

Despite the lack of a significant relationship between socio-economic situation and frequency of visit, the relationship between demographic information and the purchase of used merchandise did begin to show in the tests of frequency of buying used

goods and who is being shopped for. In the frequency of buying used goods, household size showed a significant relationship. As households became larger, the frequency of purchasing used goods also increased. This fits the theories of the relationship of socio-economic status to the purchase of used goods. The larger household must spread its limited income over more people and thus each gets less. Purchasing used goods is one way in which consumers from this type of household can get more for their money.

Who the shopper was buying for had a significant relationship with the number of children in the consumer's family and the consumer's education. Not surprising, consumers with more children were more likely to be purchasing for someone other than themselves. This only makes sense especially when combined with the results that 64% of people shopping for someone other than themselves were shopping for their children. Much harder to adequately explain is the relationship between the consumer's level of education and who he or she is shopping for. Those consumers with higher education were more likely to be shopping for someone other than themselves. This may be at least partially explained by recent American trends beginning with the "baby boom" and "yuppie" generation of delaying a family until after completing one's education. Another portion of the explanation may lie in the trend of more women gaining higher educational degrees. In many cases, women are still primarily responsible for shopping for the children and other members of the family. Sixty percent of people surveyed were women and the increasing tendency of this segment to attain a higher education may help explain the relationship between the consumer's education and who the purchase is being made for. These are of course only two possible explanations, and there may be many more available.

Overall, personality variables play a key role in understanding a customer's patronage of Play It Again Sports stores and quite possibly other second-order retail stores. While this study centered on Play It Again Sports and the market for used equipment in the sporting goods industry, it seems practical to broaden this scope and apply some of the findings in this research to other similar second-order retail stores. It also seems possible that while this study focused on two personality variables--risk aversion and innovativeness--it also seems possible that other personality variables may be important in understanding and predicting customer patronage in the second-order retail market.

Development of Theory

This study can aid in the development of theory regarding second-order retail markets in three ways. First, it shows that innovativeness is an important variable in explaining second-order retail market behavior. Second, the research hints at possible links between trends in sports or fashion and interest in second order markets as a risk reduction strategy. And finally, considering the role of buying for the customer's self versus buying for others seems to be an important variable which has not yet been explored in the literature.

While innovativeness was a relatively unexplored personality variable in the used goods market in the past, this study demonstrates its influence on the frequency of shopping in the second-order retail market. Innovativeness was first conceived in this study as relating only to the sale of used good. After analysis, however, it was found that this factor was also related to the purchase of used merchandise in the second-order retail

industry. Possible explanations for this occurrence were discussed earlier, but what is most important to understand now is that a relationship does exist. Perhaps future research will help explain why and how exactly this factor fits into the puzzle.

Risk aversion was included in the original model and was later seen to be a relevant factor in understanding the patronage of second-order retail outlets. A theory may be developed that as trends in sports and fashion are changing at an accelerating speed, an interest in second-order retail markets is increasing as consumers search for ways to reduce risk. This link between trends in various industries and consumers' responses to these trends of reducing risk through second order markets may be important in predicting changes in other industries. Industries showing similar trends as may also present a promising environment for the second-order retail industry.

Finally the role of buying for one's self versus buying for other creates differences in a customer's behaviors that have before gone unexplored in the used goods market. Differences in demographics between customers shopping for themselves and customers shopping for others were discovered in this research. These demographic differences may prove important in developing theories on who participates in this market and for what reasons.

Implications in Practice

The findings in this research are not limited to academic theories, but can also have be valuable to practitioners in the second-order retail industry. The information obtained may be valuable in areas such as advertising, understanding the importance of store image and adapting the changes in customer demographics.

This research has shown that, at least in the used sports equipment market, both the family and the individual consumer are important customers. Fifty-four percent of the customers sampled were shopping for themselves while 46% were shopping for someone else, generally a member of their family. This near even split of the two types of shoppers demonstrates the importance of both of these segments. In practice this should translate into a multi-segment target market with promotions and advertisements aimed at both the individual and at the family.

Store image was also discussed as an important variable in a customer's acceptance of and willingness to shop at a second-order retail outlet. Store image is import both to draw in first time customers and to maintain customers who have already visited the store. It is clear that the propagation of a good store image must be a high priority in the marketing strategy for second-order retail outlets. These stores seem to have done well up to this point at differentiating themselves from the traditional thrift store. This is demonstrated partially by the different demographics of customers they attract compared to thrift stores and flea markets. The market's success with store image is also partially demonstrated by the relationship of high store image among those customer just looking, or spending their leisure time in the store. It is important that Play It Again Sports and other second-order retail shops maintain a consistent image of a quality retailer with good selections and knowledgeable employees, but inexpensive products. These factors combine to give the customer a good value on dependable products. This allows consumers to reduce the risk associated with new products by purchasing quality used products in a pleasant environment without the commitment associated with the purchase of expensive new products.

Finally, practitioners must recognize and know how to adjust to the changing demographics of their customers. These retailers are experiencing a growing customer base as singles or couples who formerly bought for themselves will buy for their children in the future. These existing customers will be an important base for the future for the second-order retail market.

Future Research

While this research has contributed to the understanding of customers in the second-order retail industry, many more area still must be explored. This study was exploratory and in many ways has raised as many questions as it has answered. The purpose of this section is to help provide suggestions and directions for future research into the customers of the second-order retail market.

First, more attention should be given to consumers who sell used merchandise. This study was intended to explore sale behavior, but was unable to do so. Thus this is still a widely unexplored topic of research. Because primary consumers are the source of supply for the used goods industry it is very important to understand more about these consumers including their motivations for selling pre-owned merchandise. This will help researchers and practitioners alike better understand the issues of supply in the used goods industry.

Another topic for future research is the exploration of risk and innovativeness in other second-order retail markets outside of the sporting goods industry. Some of these markets may include children's clothing, personal computers, and automobiles. It is important to find out whether the results relating to risk aversion and innovativeness are

applicable to other markets. Do consumers in all second-order retail markets behave similarly? What are these similarities and what are some traits unique only to certain sectors of the market?

A final suggestion for future research is a search for other personality variables which may make shopping in second order markets more attractive. Risk aversion and innovativeness were demonstrated to be important factors influencing a consumer's patronage of the second-order retail industry. Given this, it would certainly be worthwhile to search for other personality variables that might have similarly important effects on consumers' decisions to purchase or sell used goods in the second-order retail market.

Although a great deal of research still needs to be completed, this study has helped to increase the understanding of the consumers in the second-order retail markets. Risk aversion and innovativeness have been found to be important personality variables which make shopping in the second-order retail markets more attractive. It has also introduced the importance of other factors such as for whom the customer is buying. Future research should focus on how these factors interact and what other variables are important for understanding consumer behavior in this growing market.

Questionnaire

This survey is being conducted as part of research for a thesis being done by an Undergraduate student at The Ohio State University. Its purpose is to better understand why customers buy and sell sports equipment. Please answer all the following questions as truthfully as possible. Your response is completely anonymous.

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1. Which of the following transactions to you plan on making today at Play It Again Sports?
   - ☐ Purchase used equipment
   - ☐ Purchase new equipment
   - ☐ Sell used equipment
   - ☐ Just looking

2. Who are you buying or selling the equipment for?
   - ☐ Myself
   - ☐ My spouse
   - ☐ My child or children
   - ☐ Other _____

3. Which sport best describes the equipment you are buying or selling?
   - ☐ Baseball / Softball
   - ☐ Basketball
   - ☐ Exercise equipment
   - ☐ Football
   - ☐ Golf
   - ☐ Hockey
   - ☐ Inline Skates
   - ☐ Soccer
   - ☐ Tennis
   - ☐ Other _____

4. How much do you expect to spend on your purchase today?
   - ☐ $0 to $10.99
   - ☐ $11 to $25.99
   - ☐ $26 to $50.99
   - ☐ $51 to $100
   - ☐ more than $100

5. How much do you expect to receive from your sale?
   - ☐ $0 to $10.99
   - ☐ $11 to $25.99
   - ☐ $26 to $50.99
   - ☐ $51 to $100
   - ☐ more than $100

6. How often do you visit a Play It Again Sports store?

☐ This is my first visit ☐ Once a month
☐ 1 - 2 times a year ☐ Once a week
☐ 3 - 6 times a year ☐ More than once a week

7. How often do you visit any sports store?

☐ This is my first visit ☐ Once a month
☐ 1 - 2 times a year ☐ Once a week
☐ 3 - 6 times a year ☐ More than once a week

8. How often do you buy used products of any type?

☐ Never ☐ Once a month
☐ 1 - 2 times a year ☐ Once a week
☐ 3 - 6 times a year ☐ More than once a week

---

9. Please respond to the following items by circling the number which corresponds to your agreement with each statement.

	Strongly Agree						**Strongly Disagree**
I am the kind of person who would try any new product once.	7	6	5	4	3	2	1
When I go to a restaurant, I feel it is safer to order dishes I am familiar with.	7	6	5	4	3	2	1
I am very cautious in trying new/different products.	7	6	5	4	3	2	1
Even for an important date or dinner, I wouldn't be wary of trying a new or unfamiliar restaurant.	7	6	5	4	3	2	1
I would rather stick with a brand I usually buy than try something I am not very sure of.	7	6	5	4	3	2	1

	Strongly Agree						Strongly Disagree
When I eat out, I like to try the unusual items the restaurant serves, even if I am not sure I would like them.	7	6	5	4	3	2	1
I never buy something I don't know about at the risk of making a mistake.	7	6	5	4	3	2	1
If I buy appliances, I will buy only well established brands.	7	6	5	4	3	2	1
I enjoy taking chances in buying unfamiliar brands just to get some variety in my purchases.	7	6	5	4	3	2	1
I like to buy new and different things.	7	6	5	4	3	2	1
I am usually among the first to try new products.	7	6	5	4	3	2	1
I don't like to take chances.	7	6	5	4	3	2	1
I often try new brands before my friends and neighbors do.	7	6	5	4	3	2	1
When I see a new brand on the shelf I often buy it just to see what it is like.	7	6	5	4	3	2	1

10. Please respond to the following statements about Play It Again Sports by circling the number which corresponds to your agreement with each statement.

	Strongly Agree						Strongly Disagree
The store has a pleasant atmosphere.	7	6	5	4	3	2	1
The store has well known brands.	7	6	5	4	3	2	1
The store has low quality products.	7	6	5	4	3	2	1

	Strongly Agree						Strongly Disagree
The store has good service.	7	6	5	4	3	2	1
The store's clerks are well dressed.	7	6	5	4	3	2	1
The store has knowledgeable sales clerks.	7	6	5	4	3	2	1
The store has an unlimited selection of products.	7	6	5	4	3	2	1
The store has helpful sales clerks.	7	6	5	4	3	2	1
The store attracts upper-class customers.	7	6	5	4	3	2	1
The store has an attractive layout.	7	6	5	4	3	2	1
The store is prestigious.	7	6	5	4	3	2	1
The store has informative advertising.	7	6	5	4	3	2	1
The store is pleasant to shop in.	7	6	5	4	3	2	1

11. Give your answer to the following questions by placing a 'X' on the scale which best describes your feeling.

Considering the sizable investment associated with the purchase of sports equipment, how risky would you say purchasing sports equipment would be?

Not risky at all	____ :	____ :	____ :	____ :	____ :	____ :	____	Very risky
	1	2	3	4	5	6	7	

Given the expense involved with purchasing sports equipment today, how much risk would you say would be involved with purchasing the newest models and styles?

Substantial Risk	____ :	____ :	____ :	____ :	____ :	____ :	____	Very little risk
	1	2	3	4	5	6	7	

How risky do you feel it would be for you to purchase sports equipment?

Not risky at all							Very risky
____ :	____ :	____ :	____ :	____ :	____ :	____	
1	2	3	4	5	6	7	

12. I am...

☐ Male ☐ Female

13. Into which age group do you fall?

☐ Under 18 ☐ 35 to 44
☐ 18 to 24 ☐ 45 to 54
☐ 25 to 34 ☐ 55 or Over

14. How many people are in your household (include yourself)?

☐ 1 ☐ 4
☐ 2 ☐ 5
☐ 3 ☐ 6 or more

15. Please indicate how many children you have in the following age groups:

____ 0 to 3 years old ____ 12 to 15 years old
____ 4 to 7 years old ____ 16 to 18 years old
____ 8 to 11 years old

16. What is your level of education?

☐ Some High School ☐ College Graduate
☐ High School Graduate ☐ Professional or Graduate level education
☐ Some College or Technical School

17. Which category best describes your yearly household income?

☐ $0 to $15,000 ☐ $45,001 to $60,000
☐ $15,001 to $30,000 ☐ $60,001 to $75,000
☐ $30,001 to $45,000 ☐ Over $75,000

18. Please provide your home zip code: _____

Table 1

Distribution of Respondents

Question	Response	Number	Percentage
Goal	Purchase	58	58%
	Other	42	42%
For Whom	Self	52	54%
	Other	44	46%
Sports	Baseball/ Softball	35	29%
	Inline Skates	30	25%
	Golf	19	16%
	Exercise Equip.	11	9%
	Other	24	20%
Spend	$0 - $10	20	22%
	$11 - $25	22	24%
	$26 - $50	25	27%
	Over $50	25	26%
Visit PIAS	1st time	32	32%
	Infrequent (1 - 2 times a yr.)	27	27%
	Frequent (more than 2/yr.)	41	41%
Buy Used Goods	Never	18	18%
	Infrequent (1 - 2 times a yr.)	50	50%
	Frequent (more than 2/yr.)	32	32%
Gender	Male	40	40%
	Female	59	60%
Age	Under 18	7	7%
	18 to 24	14	14%
	25 to 34	29	29%
	35 to 44	35	35%
	45 to 54	10	10%
	55 and Over	4	4%

Table 1 cont.

Education	High School	22	22%
	Some College	17	17%
	College Grad.	36	36%
	Professional	24	24%
Household Income	Under $30,000	12	12%
	$30 - $45,000	18	18%
	$45 - $60,000	31	32%
	$60 - $75,000	12	12%
	Over $75,000	24	25%

Table 2

Frequency of Shopping at Play It Again Sports

Characteristic	First Visit	Infrequent	Frequent	F Ratio	p-value
Number	32	27	41	----	----
Risk Aversion	36.50	33.96	34.85	3.80	0.056
Innovativeness	20.91	20.19	22.00	5.64	0.021
Store Image	63.81	68.00	67.06	0.24	0.625
Household Size	2.97	3.07	3.65	0.00	0.998
Education	3.50	3.78	3.48	0.37	0.829
Income	3.61	4.26	4.54	1.95	0.113
Number of Children	1.25	1.22	1.18	0.25	0.620

Table 3

Goal of Visit

Characteristic	Purchase	Other	F Ratio	p-value
Number	58	42	----	----
Risk Aversion	35.47	34.63	0.05	0.819
Innovativeness	21.64	20.44	0.30	0.588
Store Image	65.51	68.00	2.80	0.099
Household Size	3.28	3.27	0.97	0.433
Education	3.55	3.59	1.94	0.116
Income	4.03	4.36	1.09	0.301
Number of Children	1.31	1.46	0.88	0.352

Table 4

Who Is Being Shopped For

Characteristic	Self	Other	F Ratio	p-value
Number	52	48	----	----
Risk aversion	35.98	34.19	0.02	0.904
Innovativeness	21.80	20.43	0.04	0.851
Store Image	65.62	67.71	1.19	0.279
Household Size	2.87	3.72	0.61	0.435
Education	3.48	3.66	2.29	0.070
Income	4.16	4.17	0.65	0.631
Number of Children	1.00	1.79	3.22	0.078

Table 5

Frequency of Buying Used Goods

Characteristic	Never	Infrequent	Frequent	F Ratio	p-value
Number	18	50	32	----	----
Risk aversion	35.82	34.58	35.61	0.11	0.739
Innovativeness	22.50	20.38	21.52	0.01	0.904
Store Image	65.27	66.93	66.5	0.01	0.926
Household Size	2.56	3.39	3.50	4.15	0.046
Education	3.56	3.59	3.53	0.98	0.424
Income	3.71	4.35	4.13	0.46	0.767
Number of Children	1.00	1.43	1.50	1.30	0.258

Table 6

Dependent Variables Correlation

Variable	Freq. Shop	Goal	Who For	Freq. Used	$ Spend
Freq. Shop	1.00	-0.25	-0.01	0.31	0.12
Goal	-0.25	1.00	0.04	-0.14	-0.28
Who For	-0.01	0.04	1.00	0.18	-0.29
Freq. Used	0.31	-0.14	0.18	1.00	-0.17
$ Spend	0.12	-0.28	-0.29	-0.17	1.00

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